



Chattanooga Gas Company

2207 Olan Mills Drive
Chattanooga, TN 37421
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T.R.A. DOCKET ROOM

May 7, 2004

Chairman Deborah Taylor Tate
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

**Re: Chattanooga Gas Company
Responses to TRA Staff's Data Requests
Docket No. 04-00034 – Petition of Chattanooga Gas Company for Approval
of Adjustment of its Rates and Charges and Revised Tariff**

Dear Chairman Tate,

Enclosed please find an original and 13 copies of Chattanooga Gas Company's responses to the following data requests issued by the TRA Staff:

Fifth Set of Data Requests dated March 11, 2004 – 90

Sixth Set of Data Requests Dated March 12, 2004 – 92 (partial response)

Eighth and Ninth Set of Data Requests Dated April 15, 2004 – 120 and 124

Tenth Set of Data Requests Dated April 21, 2004 – 126

Eleventh Set of Data Requests Dated April 22, 2004 – 130, 134 and 135

The Company is currently gathering the remaining information for data request 92 and expects to file its responses no later than May 14, 2004.

If there are any additional questions, I can be reached at 404-584-4263.

Sincerely,

Michael J. Morley
AGL Resources
Rates & Regulatory

Data Request No. 90

Examine Company Account 255 – Customer Advances. Do these accounts comprise all of customer advances? Describe the distinguishing features of accounts 255200, 255800, and 255801. Explain why the balances in these accounts have remained stagnant over the past four years.

Response:

Accounts 255200, 255800 and 255801 are the only customer advance accounts for Chattanooga Gas Company (CGC). The amounts have remained stagnant over the past four years because CGC has not received customer advances nor has it issued refunds during that time period.

Account 255801

Chattanooga Gas Company (CGC) entered into a project to run a gas main to the Tiftonia area, and the City of Chattanooga agreed to help fund the project. CGC was to refund the City of Chattanooga on a monthly basis. CGC is currently investigating the status of the project to determine if the amount should be charged to plant in service or refunded to the City of Chattanooga.

Accounts 255200 and 225800

CGC is investigating the nature of these accounts to determine if the net balance should be charged to plant in service or refunded to a third party.

Data Request No. 92

Regarding the Company's fire at its LNG Plant. Provide the insurance payments that the Company has received along with any outstanding claims. Also, provide all of the accounting entries associated with these claims and receipts.

Response:

Please see attached schedule 92-1 for a listing of the claims submitted to Chattanooga Gas Company's insurance company related to property damage and expenses incurred to maintain system capacity during peak demand months, payments received and the amount currently due from the insurance company. CGC is currently in the process of getting all of the accounting entries associated with the claims and receipts included in schedule 92-1.

Category	Contractor	Description of Work	Invoice No /Date	Invoice Amount	Totals	AGL Responses to StarrTech
Property Damage	Player & Company	Electrical	11/29/2000	\$ 271,350.00		
Property Damage	Player & Company	Electrical	2/15/2001	\$ 60,300.00		
Property Damage	Player & Company	Electrical	2/15/2001	\$ 63,450.00		
Property Damage	Player & Company	Electrical	12/18/2000	\$ 207,900.00		
		Electrical Total		\$ 603,000.00		
Property Damage	Player & Company	Mechanical	11/29/2000	\$ 52,650.00		
Property Damage	Player & Company	Mechanical	2/15/2001	\$ 43,065.00		
Property Damage	Player & Company	Mechanical	12/30/2000	\$ 65,205.00		
Property Damage	Player & Company	Mechanical	1/24/2001	\$ 34,650.00		
Property Damage	Player & Company	Mechanical	5/18/2001	\$ 21,730.00		
Property Damage	Player & Company	Mechanical	8/28/2001	\$ 1,800.00		
		Mechanical Total		\$ 219,100.00		
Property Damage	Player & Company	Pipe Bridge Support	21045-4	\$ 16,740.00		see code support supplied by Player & Co
Property Damage	Player & Company	Pipe Bridge Support	21045-5	\$ 18,600.00		see code support supplied by Player & Co
Property Damage	Player & Company	Pipe Bridge Support	21045-2	\$ 66,960.00		see code support supplied by Player & Co
Property Damage	Player & Company	Pipe Bridge Support	21045-4	\$ 12,546.00		see code support supplied by Player & Co
Property Damage	Player & Company	Pipe Bridge Support	21045-1	\$ 58,590.00		see code support supplied by Player & Co
Property Damage	Player & Company	Pipe Bridge Support	21045-3	\$ 25,110.00		see code support supplied by Player & Co
		Pipe Bridge Support Total		\$ 198,546.00		
Property Damage	Player & Company	Misc PD Repairs	243-79	\$ 29,581.30		(FERC-related \$12,082.50)
Property Damage	Player & Company	Misc PD Repairs	243-77	\$ 23,229.30		(FERC-related \$9,488.02)
Property Damage	Player & Company	Misc PD Repairs	243-81	\$ 15,187.26		(FERC-related \$6,203.24)
Property Damage	Player & Company	Misc PD Repairs	21263-1	\$ 2,683.93		(new invoice)
Property Damage	Player & Company	Misc PD Repairs	20332-2-99	\$ 8,586.40		(new invoice-part PD part FERC part N/A)
Property Damage	Player & Company	Misc PD Repairs	21263-1	\$ 7,307.00		(FERC-related \$30,196.07)
Property Damage	Player & Company	Misc PD Repairs	20332-1	\$ 2,150.00		(FERC-related \$18,914. withdraw \$4,765)
Property Damage	Player & Company	Misc PD Repairs	20332-5	\$ 14,908.51		(FERC-related \$7,323)
Property Damage	Player & Company	Misc PD Repairs	20332-3	\$ 1,350.00		(FERC-related \$21,596)
Property Damage	Player & Company	Misc PD Repairs	20332-2	\$ 11,130.50		(FERC-related \$16,803. withdraw \$5,768.50)
		Misc PD Repairs Total		\$ 116,114.20		
Property Damage	Pro-Coat, Inc	Sand blast & recoat pipe/tank		\$ 3,483.21		
Property Damage	Pro-Coat, Inc	Sand blast & recoat pipe/tank	9460	\$ 17,860.00		
Property Damage	Pro-Coat, Inc	Sand blast & recoat pipe/tank	9215	\$ 8,639.79		
		Sand blast & recoat pipe/tank Total		\$ 29,983.00		
Property Damage	Performance Contracting (PCI)	Cable tray protection	10102623	\$ 7,314.00		
Property Damage	Performance Contracting (PCI)	Cable tray protection	10102422	\$ 12,000.00		
Property Damage	Performance Contracting (PCI)	Cable tray protection	10102502	\$ 6,200.00		
		Cable tray protection Total		\$ 25,514.00		
Property Damage	Orbit Valve Co	Valves	1003632	\$ 26,244.50		
Property Damage	Orbit Valve Co	Valves	1003919	\$ 31,522.20		
Property Damage	Orbit Valve Co	Valves	1003706	\$ 10,519.40		
Property Damage	Orbit Valve Co	Valves	1004014	\$ 34,678.92		
		Valves Total		\$ 102,965.02		

Category	Contractor	Description of Work	Invoice No /Date	Invoice Amount	Totals	AGL Responses to Starr/Tech
Property Damage	Player & Company	Electrical	11/29/2000	\$ 271,350.00		
Property Damage	Player & Company	Electrical	2/15/2001	\$ 60,300.00		
Property Damage	Player & Company	Electrical	2/15/2001	\$ 63,450.00		
Property Damage	Player & Company	Electrical	12/18/2000	\$ 207,900.00		
		Electrical Total		\$ 603,000.00		
Property Damage	Player & Company	Mechanical	11/29/2000	\$ 52,650.00		
Property Damage	Player & Company	Mechanical	2/15/2001	\$ 43,065.00		
Property Damage	Player & Company	Mechanical	12/30/2000	\$ 65,205.00		
Property Damage	Player & Company	Mechanical	1/24/2001	\$ 34,650.00		
Property Damage	Player & Company	Mechanical	5/18/2001	\$ 21,730.00		
Property Damage	Player & Company	Mechanical	8/28/2001	\$ 1,800.00		
		Mechanical Total		\$ 219,100.00		
Property Damage	Player & Company	Pipe Bridge Support	21045-4	\$ 16,740.00		see code support supplied by Player & Co
Property Damage	Player & Company	Pipe Bridge Support	21045-5	\$ 18,600.00		see code support supplied by Player & Co
Property Damage	Player & Company	Pipe Bridge Support	21045-2	\$ 66,960.00		see code support supplied by Player & Co
Property Damage	Player & Company	Pipe Bridge Support	21045-4	\$ 12,546.00		see code support supplied by Player & Co
Property Damage	Player & Company	Pipe Bridge Support	21045-1	\$ 58,590.00		see code support supplied by Player & Co
Property Damage	Player & Company	Pipe Bridge Support	21045-3	\$ 25,110.00		see code support supplied by Player & Co
		Pipe Bridge Support Total		\$ 198,546.00		
Property Damage	Player & Company	Misc PD Repairs	243-79	\$ 29,581.30		(FERC-related \$12,082.50)
Property Damage	Player & Company	Misc PD Repairs	243-77	\$ 23,229.30		(FERC-related \$9,488.02)
Property Damage	Player & Company	Misc PD Repairs	243-81	\$ 15,187.26		(FERC-related \$6,203.24)
Property Damage	Player & Company	Misc PD Repairs	21263-1	\$ 2,683.93		(new invoice)
Property Damage	Player & Company	Misc PD Repairs	20332-2-99	\$ 8,586.40		(new invoice-part PD, part FERC, part N/A)
Property Damage	Player & Company	Misc PD Repairs	21263-1	\$ 7,307.00		(FERC-related \$30,196.07)
Property Damage	Player & Company	Misc PD Repairs	20332-1	\$ 2,150.00		(FERC-related \$18,914, withdrew \$4,765)
Property Damage	Player & Company	Misc PD Repairs	20332-5	\$ 14,908.51		(FERC-related \$7,323)
Property Damage	Player & Company	Misc PD Repairs	20332-3	\$ 1,350.00		(FERC-related \$21,596)
Property Damage	Player & Company	Misc PD Repairs	20332-2	\$ 11,130.50		(FERC-related \$16,803, withdrew \$5,768.50)
		Misc. PD Repairs Total		\$ 116,114.20		
Property Damage	Pro-Coat, Inc	Sand blast & recoat pipe/tank		\$ 3,483.21		
Property Damage	Pro-Coat, Inc	Sand blast & recoat pipe/tank	9460	\$ 17,860.00		
Property Damage	Pro-Coat, Inc	Sand blast & recoat pipe/tank	9215	\$ 8,639.79		
		Sand blast & recoat pipe/tank Total		\$ 29,983.00		
Property Damage	Performance Contracting (PCI)	Cable tray protection	10102623	\$ 7,314.00		
Property Damage	Performance Contracting (PCI)	Cable tray protection	10102422	\$ 12,000.00		
Property Damage	Performance Contracting (PCI)	Cable tray protection	10102502	\$ 6,200.00		
		Cable tray protection Total		\$ 25,514.00		
Property Damage	Orbit Valve Co	Valves	1003632	\$ 26,244.50		
Property Damage	Orbit Valve Co	Valves	1003919	\$ 31,522.20		
Property Damage	Orbit Valve Co	Valves	1003706	\$ 10,519.40		
Property Damage	Orbit Valve Co	Valves	1004014	\$ 34,678.92		
		Valves Total		\$ 102,965.02		

Category	Contractor	Description of Work	Invoice No./Date	Invoice Amount	Totals	AGL Responses to Staff/Tech
Property Damage	Control Southern Inc	CSI equipment repairs	80358	\$ 5,882.21		
		CSI equipment repairs Total		\$ 5,882.21		
		Property Damage Total			\$ 1,301,104.43	
FERC	Engineering Design & Testing	Cause investigation	1200201	\$ 5,893.59		
		Cause investigation Total		\$ 5,893.59		
FERC	Applied Technical Services	Failure analysis	5358	\$ 2,197.50		
FERC	Applied Technical Services	Failure analysis	7587	\$ 1,041.56		
		Failure analysis Total		\$ 3,239.06		
FERC	Player & Company	Fire Water Pump	243-79	\$ 12,082.50		(PD-related \$29,581.30)
FERC	Player & Company	Fire Water Pump	243-77	\$ 9,488.02		(FERC-related \$23,229.30)
FERC	Player & Company	Fire Water Pump	243-81	\$ 6,203.24		(FERC-related \$15,187.26)
FERC	Player & Company	Fire Water Pump	21294-1	\$ 10,780.00		
FERC	Player & Company	Fire Water Pump	21297-7	\$ 22,007.70		
FERC	Player & Company	Fire Water Pump	9/19/2001	\$ 13,194.00		
FERC	Player & Company	Fire Water Pump	9/19/2001	\$ 38,910.00		
FERC	Player & Company	Fire Water Pump	21097-3	\$ 165,036.00		
FERC	Player & Company	Fire Water Pump	21080-1	\$ 4,890.00		
FERC	Player & Company	Fire Water Pump	21097-1	\$ 2,831.13		
FERC	Player & Company	Fire Water Pump	20332-1	\$ 18,914.00		(Fire-related \$2,150, withdrew \$4,765)
FERC	Player & Company	Fire Water Pump	20332-2	\$ 16,803.00		(FERC-related \$11,130.50, withdrew \$5,768.50)
FERC	Player & Company	Fire Water Pump	20332-3	\$ 21,596.00		
FERC	Player & Company	Fire Water Pump	20332-5	\$ 7,323.00		(PD-related \$1,350)
FERC	Player & Company	Fire Water Pump	20332-2-99	\$ 2,294.00		(PD-related \$14,908.51)
FERC	Player & Company	Fire Water Pump	21263-1	\$ 30,196.07		(new invoice-part PD, part FERC, part N/A)
FERC	Fairbanks Morse	Fire Water Pump	385235	\$ 5,516.70		(PD-related \$7,307))
FERC	Fairbanks Morse	Fire Water Pump	386248	\$ 10,461.30		
FERC	Fairbanks Morse	Fire Water Pump	450132	\$ 84,739.92		
		Fire Water Pump Total		\$ 455,492.82		
FERC	Tune Design Architecture	Construction Documents	111901	\$ 2,053.99		
		Construction Documents Total		\$ 2,053.99		
FERC	Performance Contracting (PCI)	Fire Tray Encapsulation	10102534	\$ 1,000.00		
FERC	Performance Contracting (PCI)	Fire Tray Encapsulation	10102718	\$ 6,000.00		
FERC	Performance Contracting (PCI)	Fire Tray Encapsulation	10103186	\$ 5,000.00		
FERC	Performance Contracting (PCI)	Fire Tray Encapsulation	10103369	\$ 2,638.00		
		Fire Tray Encapsulation Total		\$ 14,638.00		
FERC	Kitsmiller & Company	Road Construction	9474	\$ 29,984.00		(new invoice)
FERC	Kitsmiller & Company	Road Construction	9473	\$ 44,151.00		(new invoice)
FERC	Stein Construction Co	Road Construction	30416	\$ 9,411.96		(new invoice)
FERC	Stein Construction Co	Road Construction	30431	\$ 727.86		(new invoice)
		Road Construction Total		\$ 84,274.82		
FERC	Control Southern, Inc	Inlet & Outlet Positive Seal Valves	79336	\$ 6,228.10		
FERC	Control Southern, Inc	Inlet & Outlet Positive Seal Valves	79758	\$ 9,543.81		
FERC	Control Southern, Inc	Inlet & Outlet Positive Seal Valves	85769	\$ 9,543.81		
		Inlet & Outlet Positive Seal Valves Total		\$ 25,315.72		

Category	Contractor	Description of Work	Invoice No./Date	Invoice Amount	Totals	AGL Responses to Starr/Tech
Extra Expense	East Tennessee Natural Gas Co	FERC Total			\$ 590,908.00	
Extra Expense		FT Capacity		\$ 787,440.85		
Extra Expense	Trussville Utilities	FT Capacity Total		\$ 787,440.85		
Extra Expense	J B Kelley	Liquefaction Costs		\$ 200,506.32		
Extra Expense		Liquefaction Costs Total		\$ 200,506.32		
Extra Expense	J B Kelley	Trucking	numerous	\$ 456,828.34		
Extra Expense	J B Kelley	Trucking Total		\$ 456,828.34		
Extra Expense	Admiral	Trucking (math adjustment)	n/a	\$ 22,158.84		
Extra Expense		Trucking (math adjustment) Total		\$ 22,158.84		
Extra Expense	Admiral	Admiral	A00AG09593	\$ 27,040.00		
Extra Expense		Admiral Total		\$ 27,040.00		
Extra Expense	AGL Payroll Expenses	AGL Employees	see spreadsheet	\$ 47,321.73		
Extra Expense	AGL Living Expenses	AGL Employees	see spreadsheet	\$ 8,666.67		
Extra Expense	Shamrock Scale Co	AGL Employees Total		\$ 55,988.40		
Extra Expense		Install & service scale for trucks	several	\$ 4,783.51		
Extra Expense		Install & service scale for trucks Total		\$ 4,783.51		
Extra Expense		Grand Total		\$ 3,474,532.45		

Proceeds from Insurance Company - 2/2/01

Proceeds from Insurance Company - 8/9/03

\$ 750,000.00
\$ 587,256.35

Net Balance Due from Insurance Company

\$ 2,157,276.10

CGC is currently in negotiations with the insurance company for the balance of claims due CGC. Additionally, in conjunction with the ongoing negotiations with the insurance company, CGC is continually reviewing its claim to the insurance company to insure that it includes all costs subject to recovery under the claim. Therefore, other expenses may be identified and filed for reimbursement.

Data Request No. 120

Refer to Company response to MFR #25, CGC Schedule 25-1, page 10. Provide source documentation for all amounts and percentages used in this schedule.

Response:

Please refer to CGC's response to TRA Data Request No. 134, which provides the source and support for the amounts and percentages used in Schedule 25-1.

Data Request No. 124

Provide a monthly analysis of the Company's logical and physical inventory levels for each storage asset for the four-year period beginning October 1999 through December 2003. Identify and include in this analysis the inventory injected, withdrawn or held by the Company's asset manager for its own use.

Response:

Please see attached schedule 124-1 for the logical/physical inventory reconciliation for the three year period October 2000 – December 2003. Chattanooga Gas Company (CGC) did not prepare a logical/physical reconciliation of its storage assets prior to October 2000.

Please see attached schedule 124-2 for storage volumes injected, withdrawn or held by CGC's asset manager. This schedule is marked confidential and is being filed under seal pursuant to the protective order issued with this docket.

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended October 2000

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	375,489	350,728		350,728	(24,761)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,709,582	1,706,375		1,706,375	(3,207)
FSMA Storage - Capacity 852,286 dth					
FSMA	790,507	790,507		790,507	0
TOTALS	2,875,578	2,847,610	0	2,847,610	(27,968)

Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended November 2000

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	434,498	451,745		451,745	17,247
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,706,562	1,703,355		1,703,355	(3,207)
FSMA Storage - Capacity 852,286 dth					
FSMA	658,910	658,910		658,910	0
TOTALS	2,799,970	2,814,010	0	2,814,010	14,040
					Physical Short (Long)

10/00 cash out recorded as w/d on GL

3,883

11/00 cash out recorded as w/d on GL; should be injection

9,530

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended December 2000

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	447,120	460,484		460,484	13,364
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,626,723	1,623,516		1,623,516	(3,207)
FSMA Storage - Capacity 852,286 dth					
FSMA	443,603	443,603		443,603	0
TOTALS	2,517,446	2,527,603	0	2,527,603	10,157

Physical Short (Long)

10/00 cash out recorded as w/d on GL

3,883

11/00 cash out recorded as w/d on GL; should be injection

9,530

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended January 2001

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	407,711	311,889	91,677	403,566	(4,145)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,578,646	1,075,439	500,000	1,575,439	(3,207)
FSMA Storage - Capacity 852,286 dth					
FSMA	234,667	234,667		234,667	0
TOTALS	2,221,024	1,621,995	591,677	2,213,672	(7,352)
					Physical Short (Long)

01/01 cash out not on pipeline report

10,969

Chattanooga Gas Company

Logical/Physical Position Report For Month Ended February 2001

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	432,899	212,145	214,897	427,042	(5,857)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,782,957	1,152,040	650,000	1,802,040	19,083
FSMA Storage - Capacity 852,286 dth					
FSMA	209,860	209,860		209,860	0
TOTALS	2,425,716	1,574,045	864,897	2,438,942	13,226
					Physical Short (Long)
02/01 cash out not on pipeline report					5,858

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended March 2001

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	229,412	300,386	(100,103)	200,283	(29,129)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,749,243	768,326	1,000,000	1,768,326	19,083
FSMA Storage - Capacity 852,286 dth					
FSMA	174,790	174,790		174,790	0
TOTALS	2,153,445	1,243,502	899,897	2,143,399	(10,046)
					Physical Short (Long)
03/01 cash out not on pipeline report					(21,957)
Off-System sales from 03/01 not recorded on GL					51,807

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended April 2001

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	293,706	243,905	(1,368)	242,537	(51,169)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,935,247	972,459	1,000,000	1,972,459	37,212
FSMA Storage - Capacity 852,286 dth					
FSMA	411,018	411,018		411,018	0
TOTALS	2,639,971	1,627,382	998,632	2,626,014	(13,957)

Physical Short (Long)

Off-System sales from 03/01 not recorded on GL

51,807

Chattanooga Gas Company

Logical/Physical Position Report For Month Ended May 2001

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	999,272	409,392	(1,068)	408,324	(590,948)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	2,198,367	1,835,581	400,000	2,235,581	37,214
FSMA Storage - Capacity 852,286 dth					
FSMA	411,018	411,018		411,018	0
TOTALS	3,608,657	2,655,991	398,932	3,054,923	(553,734)

Physical Short (Long)

Off-System sales from 03/01 not recorded on GL	51,807
04/01 cashout not recorded on GL	82,260
05/01 transfer not recorded on pipeline report	600,000
05/01 cashout not recorded on pipeline report	23,618

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended June 2001

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	448,126	473,072	(1,068)	472,004	23,878
FSPA Storage - Capacity 2,042,390 dth					
FSPA	2,196,671	1,834,035	400,000	2,234,035	37,364
FSMA Storage - Capacity 852,286 dth					
FSMA	467,367	467,367		467,367	0
TOTALS	3,112,164	2,774,474	398,932	3,173,406	61,242

Physical Short (Long)

Off-System sales from 03/01 not recorded on GL

51,807

04/01 cashout not recorded on GL

82,260

06/01 cashout not recorded on pipeline report

8,792

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended July 2001

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	554,868	504,228	(1,068)	503,160	(51,708)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	2,272,688	1,846,055	400,000	2,246,055	(26,633)
FSMA Storage - Capacity 852,286 dth					
FSMA	625,224	625,227		625,227	3
TOTALS	3,452,780	2,975,510	398,932	3,374,442	(78,338)
					Physical Short (Long)

Off-System sales from 03/01 not recorded on GL

51,807

07/01 cash out not recorded on pipeline report

1,153

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended August 2001

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	545,895	496,024	(1,068)	494,956	(50,939)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	2,265,026	1,835,416	400,000	2,235,416	(29,610)
FSMA Storage - Capacity 852,286 dth					
FSMA	759,303	759,306		759,306	3
TOTALS	3,570,224	3,090,746	398,932	3,489,678	(80,546)
					Physical Short (Long)

Off-System sales from 03/01 not recorded on GL

51,807

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended September 2001

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	550,184	628,331	(208,239)	420,092	(130,092)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	2,247,653	1,938,760	279,283	2,218,043	(29,610)
FSMA Storage - Capacity 852,286 dth					
FSMA	759,303	759,306		759,306	3
TOTALS	3,557,140	3,326,397	71,044	3,397,441	(159,699)
					Physical Short (Long)

Off-System sales from 03/01 not recorded on GL

51,807

09/01 cash out not recorded on pipeline report

79,601

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended October 2001

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	472,746	627,461	(224,995)	402,466	(70,280)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	2,078,351	1,769,458	278,094	2,047,552	(30,799)
FSMA Storage - Capacity 852,286 dth					
FSMA	759,303	759,306	0	759,306	3
TOTALS	3,310,400	3,156,225	53,099	3,209,324	(101,076)
					Physical Short (Long)

Off-System sales from 03/01 not recorded on GL

51,807

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended November 2001

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	470,259	661,547	(246,791)	414,756	(55,503)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	2,131,616	1,898,852	195,798	2,094,650	(36,966)
FSMA Storage - Capacity 852,286 dth					
FSMA	783,429	783,432	0	783,432	3
TOTALS	3,385,304	3,343,831	(50,993)	3,292,838	(92,466)
					Physical Short (Long)

Off-System sales from 03/01 not recorded on GL

51,807

11/01 withdrawal not recorded on GL

7,434

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended December 2001

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	354,371	543,595	(248,438)	295,157	(59,214)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,923,697	1,738,764	151,841	1,890,605	(33,092)
FSMA Storage - Capacity 852,286 dth					
FSMA	758,862	754,991	3,800	758,791	(71)
TOTALS	3,036,930	3,037,350	(92,797)	2,944,553	(92,377)
					Physical Short (Long)

Off-System sales from 03/01 not recorded on GL

51,807

11/01 withdrawal not recorded on GL

7,434

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended January 2002

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	118,754	468,173	(252,217)	215,956	97,202
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,835,577	1,418,347	230,264	1,648,611	(186,966)
FSMA Storage - Capacity 852,286 dth					
FSMA	741,237	741,240	0	741,240	3
TOTALS	2,695,568	2,627,760	(21,953)	2,605,807	(89,761)
					Physical Short (Long)

Off-System sales from 03/01 not recorded on GL	51,807
11/01 withdrawal not recorded on GL	7,434
01/01 transfer from FSPA not recorded on GL	150,000
01/01 transfer to CSS not recorded on GL	150,000

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended February 2002

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	353,278	472,663	(23,219)	449,444	96,166
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,139,408	968,965	1,267	970,232	(169,176)
FSMA Storage - Capacity 852,286 dth					
FSMA	688,745	688,746	0	688,746	1
TOTALS	2,181,431	2,130,374	(21,952)	2,108,422	(73,009)
					Physical Short (Long)

Off-System sales from 03/01 not recorded on GL	51,807
01/01 transfer from FSPA not recorded on GL	150,000
01/01 transfer to CSS not recorded on GL	150,000

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended March 2002

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	437,237	406,459	(23,216)	383,243	(53,994)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	435,178	807,490	(77,465)	730,025	294,847
FSMA Storage - Capacity 852,286 dth					
FSMA	644,841	644,842	0	644,842	1
TOTALS	1,517,256	1,858,791	(100,681)	1,758,110	240,854
					Physical Short (Long)

Off-System sales from 03/01 not recorded on GL 51,807

Withdraw from AGLC not recorded on CGC (FSPA) pipeline report 314,023

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended April 2002

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	379,873	413,875	(87,996)	325,879	(53,994)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	280,188	1,781,183	(1,399,345)	381,838	101,650
FSMA Storage - Capacity 852,286 dth					
FSMA	644,841	644,842	0	644,842	1
TOTALS	1,304,902	2,839,900	(1,487,341)	1,352,559	47,657
					Physical Short (Long)

Off-System sales from 03/01 not recorded on GL 51,807

Withdraw from AGLC not recorded on CGC (FSPA) pipeline report 117,837

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended May 2002

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	283,358	441,454	(213,090)	228,364	(54,994)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	209,188	1,631,565	(1,438,564)	193,001	(16,187)
FSMA Storage - Capacity 852,286 dth					
FSMA	655,656	655,657	0	655,657	1
TOTALS	1,148,202	2,728,676	(1,651,654)	1,077,022	(71,180)
					Physical Short (Long)

Off-System sales from 03/01 not recorded on GL

51,807

Chattanooga Gas Company

Logical/Physical Position Report For Month Ended June 2002

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	152,131	436,421	(338,284)	98,137	(53,994)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	349,964	1,680,009	(1,348,504)	331,505	(18,459)
FSMA Storage - Capacity 852,286 dth					
FSMA	694,350	694,351	0	694,351	1
TOTALS	1,196,445	2,810,781	(1,686,788)	1,123,993	(72,452)
					Physical Short (Long)

Off-System sales from 03/01 not recorded on GL

51,807

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended July 2002

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	217,526	625,107	(461,574)	163,533	(53,993)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	492,572	1,945,409	(1,471,295)	474,114	(18,458)
FSMA Storage - Capacity 852,286 dth					
FSMA	733,529	733,530	0	733,530	1
TOTALS	1,443,627	3,304,046	(1,932,869)	1,371,177	(72,450)
					Physical Short (Long)

Off-System sales from 03/01 not recorded on GL

51,807

Chattanooga Gas Company**Logical/Physical Position Report**

For Month Ended August 2002

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	184,606	668,575	(486,159)	182,416	(2,190)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	492,572	1,945,409	(1,471,295)	474,114	(18,458)
FSMA Storage - Capacity 852,286 dth					
FSMA	733,529	733,530	0	733,530	1
TOTALS	1,410,707	3,347,514	(1,957,454)	1,390,060	(20,647)

Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended September 2002

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	628,511	665,009	(38,688)	626,321	(2,190)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	471,898	2,021,716	(1,568,277)	453,439	(18,459)
FSMA Storage - Capacity 852,286 dth					
FSMA	802,865	802,866		802,866	1
TOTALS	1,903,274	3,489,591	(1,606,965)	1,882,626	(20,648)
					Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended October 2002

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	653,320	689,818	(38,688)	651,130	(2,190)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,047,822	2,005,371	(976,008)	1,029,363	(18,459)
FSMA Storage - Capacity 852,286 dth					
FSMA	843,004	843,005		843,005	1
TOTALS	2,544,146	3,538,194	(1,014,696)	2,523,498	(20,648)

Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended November 2002

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	568,784	605,282	(42,020)	563,262	(5,522)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	932,395	1,889,944	(976,008)	913,936	(18,459)
FSMA Storage - Capacity 852,286 dth					
FSMA	654,756	654,757		654,757	1
TOTALS	2,155,935	3,149,983	(1,018,028)	2,131,955	(23,980)
					Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended December 2002

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	639,629	676,127	(42,020)	634,107	(5,522)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	685,595	1,519,007	(851,871)	667,136	(18,459)
FSMA Storage - Capacity 852,286 dth					
FSMA	546,201	546,202		546,202	1
TOTALS	1,871,425	2,741,336	(893,891)	1,847,445	(23,980)

Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended January 2003

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	415,501	451,999	(42,020)	409,979	(5,522)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	399,858	278,644	102,755	381,399	(18,459)
FSMA Storage - Capacity 852,286 dth					
FSMA	336,208	336,209		336,209	1
TOTALS	1,151,567	1,066,852	60,735	1,127,587	(23,980)

Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended February 2003

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	279,393	309,136	(33,852)	275,284	(4,109)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	276,185	157,243	102,755	259,998	(16,187)
FSMA Storage - Capacity 852,286 dth					
FSMA	191,902	191,903		191,903	1
TOTALS	747,480	658,282	68,903	727,185	(20,295)
					Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended March 2003

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	180,223	210,007	(42,043)	167,964	(12,259)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	200,928	44,433	140,308	184,741	(16,187)
FSMA Storage - Capacity 852,286 dth					
FSMA	141,968	141,969		141,969	1
TOTALS	523,119	396,409	98,265	494,674	(28,445)

Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended April 2003

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	155,337	279,839	(136,761)	143,078	(12,259)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	200,928	468,745	(284,004)	184,741	(16,187)
FSMA Storage - Capacity 852,286 dth					
FSMA	213,044	213,045		213,045	1
TOTALS	569,309	961,629	(420,765)	540,864	(28,445)

Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended May 2003

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	169,582	401,947	(244,630)	157,317	(12,265)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	200,928	792,897	(608,156)	184,741	(16,187)
FSMA Storage - Capacity 852,286 dth					
FSMA	225,220	225,221		225,221	1
TOTALS	595,730	1,420,065	(852,786)	567,279	(28,451)

Physical Short (Long)

Chattanooga Gas Company**Logical/Physical Position Report**

For Month Ended June 2003

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	228,371	473,001	(244,630)	228,371	0
FSPA Storage - Capacity 2,042,390 dth					
FSPA	509,466	730,121	(220,656)	509,465	(1)
FSMA Storage - Capacity 852,286 dth					
FSMA	392,697	392,698		392,698	1
TOTALS	1,130,534	1,595,820	(465,286)	1,130,534	0
					Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended July 2003

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	356,202	477,142	(120,940)	356,202	0
FSPA Storage - Capacity 2,042,390 dth					
FSPA	927,966	1,056,596	(128,620)	927,976	10
FSMA Storage - Capacity 852,286 dth					
FSMA	456,809	456,810		456,810	1
TOTALS	1,740,977	1,990,548	(249,560)	1,740,988	11
					Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report For Month Ended August 2003

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	518,424	532,144	(13,720)	518,424	0
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,191,466	1,456,596	(265,120)	1,191,476	10
FSMA Storage - Capacity 852,286 dth					
FSMA	456,809	456,810		456,810	1
TOTALS	2,166,699	2,445,550	(278,840)	2,166,710	11

Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended September 2003

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	536,411	536,320	(143)	536,177	(234)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,191,466	1,860,135	(668,659)	1,191,476	10
FSMA Storage - Capacity 852,286 dth					
FSMA	622,229	622,230		622,230	1
TOTALS	2,350,106	3,018,685	(668,802)	2,349,883	(223)
					Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report

For Month Ended October 2003

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	513,435	653,805	(140,700)	513,105	(330)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,191,466	1,948,961	(757,485)	1,191,476	10
FSMA Storage - Capacity 852,286 dth					
FSMA	794,727	794,728		794,728	1
TOTALS	2,499,628	3,397,494	(898,185)	2,499,309	(319)
					Physical Short (Long)

Chattanooga Gas Company**Logical/Physical Position Report**

For Month Ended November 2003

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	485,457	605,827	(120,700)	485,127	(330)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	1,130,287	1,942,407	(812,110)	1,130,297	10
FSMA Storage - Capacity 852,286 dth					
FSMA	732,216	732,217		732,217	1
TOTALS	2,347,960	3,280,451	(932,810)	2,347,641	(319)
					Physical Short (Long)

Chattanooga Gas Company

Logical/Physical Position Report For Month Ended December 2003

STORAGE SERVICE	Logical	Physical [Net Storage]	Park & Loan Borrowed(Parked)	Net Physical Position	Variance
CSS Storage - Capacity 710,484 dth					
CSS	506,735	639,139	(132,734)	506,405	(330)
FSPA Storage - Capacity 2,042,390 dth					
FSPA	621,459	1,428,410	(806,941)	621,469	10
FSMA Storage - Capacity 852,286 dth					
FSMA	555,733	555,734		555,734	1
TOTALS	1,683,927	2,623,283	(939,675)	1,683,608	(319)
					Physical Short (Long)

Data Request No. 126

Provide the following information regarding the calculation of salary and wages.

- a. For each employee listed in CGC Schedule 44-1, provide the hourly rate (by ID #) at October 2002 for hourly employees and the annual salary of salaried employees (by ID #) at October 2002.
- b. For anticipated changes in employment level between the test period and the attrition period, provide a list of the new position(s) (identify hourly and/or salaried) anticipated to be filled, the anticipated month of the new position(s), the hourly rate or annual salary for each.
- c. If any positions will be eliminated, provide the same information for each position as requested in item 126 b. above.
- d. Provide a reconciliation between the Company's reported total earnings for the test period on CGC Schedule 44-1, page 4 of 4, (\$2,809,628) and the test period amount with pro forma adjustments (\$2,559,581) shown on CGC Schedule 25-1, page 1 of 26.
- e. Provide detailed schedules showing the Company's calculation of the attrition period salary and wages with pro forma adjustments amount of \$2,971,585, breaking down the calculations between hourly and salaried employees.
- f. What salary account codes are included in "regular earnings" and what additional codes are included in "total earnings?" See CGC Schedules 44-1 and 44-2.
- g. What is salary account code 225250 (ATP)?
- h. Refer to CGC Schedule 44-2. Identify the salary account codes that start with 02U..., 01OMIN..., 02Y..., 01OGRP..., 04M..., 04N..., 02D..., 11OSTIL..., 03WRIN..., and 01O5M... and are described as "N/A."
- i. For employee (ID#09703), identify where the \$37,213.72 is charged. The salary code is "blank" and description "N/A."

Response:

- a. Refer to **Schedule 126-A-1** (attached) for a detailed schedule of hourly and annual wage rates for active employees at October, 2002. This schedule is marked confidential and is being filed under seal pursuant to the protective order issued in this docket.

- b. There is one new addition anticipated between the end of the test period and the end of the attrition period. The position is for a meter reader, which was filled in October 2003. The position is hourly with an hourly rate of \$10.21.

In the prepared direct testimony of Michael J. Morley, the head count for Chattanooga Gas Company had increased to 56 by September 30, 2003. The actual head count at September 30, 2003 was 55, increasing to 56 in October 2003.

- c. No positions are anticipated to be eliminated.
- d. The variances in salaries between CGC Schedule 44-1 (page 4 of 4) and CGC Schedule 25-1 (page 1 of 26) are as follows:
- \$162,062 – Payments to employees for the annual team performance incentive (ATPI), which is AGL Resources Inc.'s performance based compensation plan. The payments are included in schedule 44-1 but are not part of the salary expense included in schedule 25-1. The expense for ATPI is accrued at AGL Services Company and allocated as a direct charge to affiliates in the plan.
 - \$66,732 – Capital payroll included in schedule 44-1 not included in schedule 25-1. The amount in schedule 25-1 included payroll expense only.
 - \$35,683 – One time severance payment included in schedule 44-1 but not included in schedule 25-1. A pro-forma adjustment was made to exclude the one time severance payment from the test period in schedule 25-1.
 - \$17,167 – Timing differences between payroll accruals and payroll payments. Schedule 44-1 provides actual payroll paid to employees for the test period. Schedule 25-1 provides payroll expense, including accruals, recorded on the books and records of CGC.
 - \$2,737 – Other minor variances. Primarily related to salary expense recorded to non-payroll related accounts. This amount is included in schedule 44-1 but not included as payroll expense in schedule 25-1.

Please see attached **Schedule 126-D-1** for a reconciliation of the two amounts.

- e. Refer to the following schedules:
- **Schedule 126 E-1** – Payroll by month and position for Chattanooga Operations (non-LNG) for the attrition period.
 - **Schedule 126 E-1a** – Payroll by month and position for the LNG facility for the attrition period.

- **Schedule 126 E-2** – Detail schedule of merit increases used in the calculation of payroll expense for Chattanooga Operations (non-LNG) for the attrition period.
- **Schedule 126 E-2a** – Detail schedule of merit increases used in the calculation of payroll expense for the LNG facility for the attrition period.

The above schedule (126 E-1, E-1a, E2 and E2a) are marked confidential and are being filed under seal pursuant to the protective order issued in this docket.

In the prepared direct testimony of Michael J. Morley, the annual merit increase for exempt employees was stated to be 2%. However, the 2% merit increase applied only to exempt employees at certain salary grades and above, while the remaining exempt employees were allowed a merit increase up to 2.5%.

- f. Refer to attached **Schedule 126-F-1** for a list of earnings codes included in “total earnings”. For purposes of MFG Schedule 44-1, the “regular earnings” amount of \$1,783,284.44 includes only the earnings code “REG”. All other earnings code were not included as regular earnings but are included in the total earnings amount. As noted on the schedule, all earnings codes, with the exception of ATPi, can be charged to any general ledger payroll account number, depending on how the employees code their time.
- g. Salary account code 225250 is the accrued liability for AGL Resources Inc.’s ATPi (Annual Team Performance Incentive), which is a performance based compensation plan. As discussed in (d) above, ATPi is recorded on the books and records of AGL Services Company and allocated as a direct charge to affiliates in the plan in account 671012. Payments are charged against the accrued liability account 225250.
- h. The alpha numeric salary account codes described as “N/A” refer to payroll that is direct charged to capital projects. The alpha numeric codes are used to track capital costs at a more detail level within CGC’s project costing system. All of the costs are charged to general ledger account number 100120 - construction work in progress or 100220 – retirement work in progress.
- i. The \$37,213.72 was charged to account 600120.

Chattanooga Gas Company
Docket Number 04-00034
TRA DR 126-d
Schedule 126-D-1
Test Period Salaries Reconciliation

	<u>Per #44</u>	<u>Per #25</u>
Balance per schedules	2,809,628 30	2,559,580 69
Reconciling Items:		
(1) Annual team performacne incentive (ATPI)		162,061.87
(2) Payroll charged to capital projects		66,732 31
(3) One time severance payment		35,683 00
(4) Timing between payroll accruals and actual payments	17,167 00	
(5) Other minor variances		2,737 43
Reconciled Balances	<u>2,826,795.30</u>	<u>2,826,795.30</u>

Chattanooga Gas Company
Docket Number 04-00034
TRA DR 126-f
Schedule 126-F-1
Test Period Salary Codes

Earnings Code	Amount	Description
ATP	162,061 87	ATPI - charged to acct 225250
AWR	1,681 21	Awards
BDY	5,727 32	Birthday Holiday
BEP	61,143 11	Beeper Pay
DBT	13,723 10	Double Time
DOC	10,082 60	Doctor/Dentist Appt
FRE	1,606 86	Flex Vacation Refund
FRL	1,961 26	Funeral Pay
FVA	11,112 58	Flex Vacation Pay
HOL	64,084 25	Holiday Pay
INJ	3,658 96	Injury
JUR	4,069 94	Jury Duty
LSS	35,683 00	Lump Sum Severance Pay
LUM	1,530 72	Lump Sum Vacation
LUV	553 70	Lump Sum Payment
MIS	1,098 86	Miscellaneous Pay
OT	516,926.55	Overtime
REG	1,783,284 44	Regular Earnings
SH2	2,200 64	Shift Pay Overtime
SHI	2,907 50	Shift Pay
SIC	16,245 01	Sick Pay
VAC	108,284 90	Vacation
Total	2,809,628.38	

Ties to MFG #44

Account Number	
430201	Field Service Expenses
407140	Jobbing Generation Appl Pay
600044	Pay - Activate Meter
600040	Pay - Inspect and Operate STAR
600030	Pay - Inspect Cathodic Prot Sy
600045	Pay - Investigate Leaks
600037	Pay - Investigate Leaks Dist
600031	Pay - Locate Mains and Service
600064	Pay - Maintain Regulator Stat
600034	Pay - Perform Em Valve Insp
600038	Pay - Regulator Stat Inspect
600033	Pay - Relocate Service
600049	Pay - Serv Wk Order not Comp
600042	Pay - Single Reads
600043	Pay - Turn-off Service
600001	Pay LNG Supervision/Eng
600047	Pay- No Gas AGLC Work
600050	Pay- Perform Disp Operations
600120	Pay-A&G Salaries
600072	Pay-CNG Refueling-Cust Premise
600091	Pay-Customer Acct Supervision
600095	Pay-Customer Records&Collect
600102	Pay-Customer Service
600021	Pay-Design Gas Sys Improv
600022	Pay-Distribution Load Dispatch
600020	Pay-Distribution Superv/Eng
600051	Pay-Investigate- Other Service
600125	Pay-Laboratory
600010	Pay-LNG Maint of Comp Equip
600011	Pay-LNG Maint of Other Equip
600130	Pay-Maint of GeneralPlant+B306
600074	Pay-Maintain Customer CNG St
600132	Pay-Maintain Facilities
600067	Pay-Maintain of Services
600066	Pay-Maintain STAR
600070	Pay-MaintainMeterSets&Req-Pro
600094	Pay-Meter Reading-Itron
600075	PayMtr ReadStd By/Beeper Time
600131	Pay-Operate&Maintain Fleet Eq
600122	Pay-Operational Training
600024	Pay-Perform 3-Year Survey
600025	Pay-Perform 5-Year Survey
600028	Pay-Perform Manhole Survey
600026	Pay-Perform Survey-Bus Dist
600027	Pay-Perform Survey-Trans Pipe
600046	Pay-PT Meter Change
600061	Pay-Repair and Maint Mains
600062	Pay-Repair Damage Mains
600069	Pay-Repair Damage Service
600071	Pay-Repair Meter Sets&Reg Re
600032	Pay-Right-of-Way Upkeep
600113	Payroll Expense - V-Force
600123	Pay-Safety Training&Reg Compli
600036	Pay-Ser Ctr -Dist -SdByBprTime
600035	Pay-Serv StandBy\Beeper Time
600133	Pay-Stores Operations
600119	Pay-VNG Hurricane 2003
670106	Safety Training & Reg Complia
	Capital Projects

Note: With the exception of ATPI, all earnings codes can be charged to the above account numbers, depending on how the employees code their time

Data Request No. 130

Provide detailed schedules showing AGL Service Company's total expenses (by account number) for the test period that were allocated to AGLR affiliates. Also, break down these expenses showing the amounts allocated to each affiliate.

Response:

Please see attached Schedule 130-1, which provides total expense by account number for AGL Services Company (AGSC) and the allocated costs to affiliates by account number for the test period October 1, 2002 – September 30, 2003. The schedule is marked confidential and is being filed under seal pursuant to the protective order issued in this docket.

Note that AGSC utilizes departments, or work orders, to accumulate and allocate costs. General ledger accounts accumulating AGSC costs are generally not used to allocate costs to AGSC affiliates. There are certain instances in which general ledger accounts are established to accumulate AGSC costs and allocated to the applicable affiliates. These instances, however, are the exception and not part of the standard AGSC allocation process.

Data Request No. 134

Explain in more detail the \$452,939 adjustment to the test period AGL Service Company allocations and the \$533,803 adjustment to the attrition period allocations. Your explanation should include (but not be limited to):

- a. the nature of the cost savings
- b. the reason Chattanooga is being charged for "savings"
- c. the company's methodology for determining these cost savings
- d. the calculation of the 5.14% and 5% used on CGC schedule 25-1, page 10
- e. the rationale for the 50% included in CGC's allocation of these "savings"
- f. the percentages applicable to the other affiliates, and the amounts included in their cost of service during the test period.

Response:

- a. AGL Resources Inc. (AGLR) acquired Virginia Natural Gas (VNG) effective October 1, 2000. The purchase of VNG created economies of scale savings that resulted from services provided by AGL Services Company (AGSC) being allocated to an increased base of companies without a corresponding increase in total costs.
- b. CGC is not being charged for savings. The acquisition of VNG resulted in economy of scale savings for CGC. The savings are reflected as reduced shared service costs allocated from AGSC. This reduction in shared service costs is primarily due to the fixed costs of AGSC having a larger base (more subsidiaries) over which the costs could be charged back.

Since the risks associated with the acquisition of VNG were assumed by the shareholders of AGLR and not the Tennessee ratepayers, an adjustment was made to the attrition period shared service cost allocation for 50% of the total economies of scale savings. This adjustment provides for equal sharing of the cost savings resulting from the acquisition of VNG by both the Tennessee ratepayers and the shareholders of AGLR.

- c. Please see attached schedule 134 c-1, which provides the calculation of the cost savings to CGC resulting from the acquisition of VNG (note that this is similar to TRA Minimum Filing Guideline Schedule CGC 25-1, page 10). The shared service costs allocated to VNG by AGSC are applied against a composite ratio revised to exclude VNG (provided in (d) below).

The resulting amounts of \$1,067,607 for the attrition period and \$905,877 for the test period are the economies of scale savings. Fifty percent was then applied to the economies of scale savings to arrive at the equal sharing amount between Tennessee ratepayers and AGLR shareholders.

- d. Please see attached schedule 134 d-1 for a calculation of the 5.14% for the test period, which represents the revised composite ratio, excluding VNG, used for AGSC shared service allocations. The schedule is marked confidential and is being filed under seal pursuant to the protective order issued in this docket. The 5% used for the attrition period is an estimate based on the revised composite ratio calculated for the test period.
- e. 50% of the economies of scale savings are included in CGC's shared service allocations from AGSC as a sharing mechanism between CGC and the CGC ratepayers. The risks associated with the VNG acquisition were assumed by the shareholders of AGLR. While the acquisition of VNG benefited the shareholders of AGLR, it also benefited the Tennessee ratepayers in the form of lower shared service cost allocations from AGSC. A sharing rate of 50% is used consistent with industry standards for most sharing mechanisms between utility ratepayers and company shareholders.
- f. Economies of scale savings for AGLC are allowed by the Georgia Public Service Commission in accordance with Docket 14311-U in the form of an adjustment to its rate of return calculations for regulatory reporting purposes. Therefore, the economies of scale savings adjustment is, in effect, included in AGLC's cost of service.

The revised composite ratio for AGLC, excluding VNG is 88.996%, resulting in economies of scale savings of approximately \$12.8 million. \$6.4 million, or 50% of the total economies of scale savings, is allowed as an adjustment to increase AGLC's shared service cost allocations for rate of return calculation purposes.

Chattanooga Gas Company
Adjustment for Cost Savings from Improved Efficiencies and Economies of Scale
Test Period (10/02 - 9/03) and Attrition Period (7/04 - 6/05)

		<u>Test Period</u>	<u>Attrition Period</u>
AGL Services Company Costs Allocated to Virginia Natural Gas (VNG)	(A)	17,624,072.14	21,352,139.67
Allocation factor to Chattanooga excluding VNG	(B)	5.14%	5.00%
Costs Savings to Chattanooga	(C)	905,877.31	1,067,606.98
50% of cost savings to be included in allocated costs	(D)	452,938.65	533,803.49

(A) - AGL Services Company shared service costs allocated to VNG. For the test period, this amount represents costs per the books and records of VNG. For the attrition period, this amount represents the budgeted and forecasted costs per the books and records of VNG at the time of filing Docket No. 04-00034. These amounts represent the AGSC shared service costs that would have been allocated to other affiliates, including CGC, if VNG had not been acquired.

(B) - Revised composite ratio calculation, excluding VNG, used in the AGSC shared service cost allocations process. Refer to schedule 134 d-1 for a detail of the calculation.

(C) - Economies of scale cost savings for CGC resulting from the acquisition of VNG - (A) * (B)

(D) - 50% economies of scale savings shared between Tennessee ratepayers and AGLR shareholders

Data Request No. 135

Regarding the cost savings allocation to Chattanooga referenced in item #134, explain your response to MFR data request item #14 (d.) You state "The formation of AGSC provided improved efficiencies and economies of scale, which resulted in **lower** cost allocations to CGC for shared services of approximately \$500,000." (emphasis added) Reconcile this statement to the adjustment made to the attrition period allocated costs.

Response:

Please refer to TRA Data Request No. 134, which provides an explanation and calculation of the total economies of scale savings as well as the rationale for including 50% of these savings in AGL Services Company's shared services cost allocations to Chattanooga Gas Company (CGC).

TRA Minimum Filing Guideline No 14 (d) references lower cost allocations to CGC for shared services of approximately \$500,000. The \$500,000 in lower costs represents the 50% portion of the economies of scale savings benefiting the Tennessee ratepayers. As discussed in TRA Data Request No. 134, the total economies of scale savings resulting from the purchase of Virginia Natural Gas for CGC is \$1,067,607 (attrition period). Incorporating a 50% sharing mechanism between both the Tennessee ratepayers and AGL Resources Inc. shareholders results in a cost savings to CGC of approximately \$500,000.